

Message Text

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ACTION NEA-10

INFO OCT-01 EA-12 ISO-00 EB-08 /031 W
-----102831 031150Z /11

R 030845Z MAR 78
FM AMCONSUL CALCUTTA
TO USDOC WASHDC
INFO SECSTATE WASHDC 6558
AMEMBASSY NEW DELHI
AMEMBASSY SINGAPORE

UNCLAS SECTION 1 OF 2 CALCUTTA 0375

E.O. 11652: NA
TAGS: BTIO, BEXP, IN
SUBJECT: MAJOR TRADE OPPORTUNITY: SPECIAL HANDLING: INDIA
REQUIRED TO IMPORT 200,000 TONS OF FERROUS SCRAP FOR MELTING

1. WE HAVE LEARNED FROM SENIOR OFFICIALS OF THE (A) METAL SCRAP TRADE CORPORATION LTD. (MSTC), AND (B) IRON AND STEEL CONTROLLER (ISC), BOTH GOI AGENCIES HEADQUARTERED IN CALCUTTA, THAT ACTIONS ARE BEING TAKEN TO IMPLEMENT THE RECENT GOI DECISION PERMITTING AD-HOC IMPORTS OF FERROUS SCRAP. IN ANTICIPATION OF DOMESTIC SHORTAGE OF FERROUS SCRAP FOR THE FIRST TIME, THE GOI HAS AGREED TO MEET SCRAP REQUIREMENTS OF ELECTRIC STEEL FURNACE UNITS AND INVITED APPLICATIONS FROM LOCAL END-USERS FOR DIRECT IMPORTS OF FERROUS SCRAP UP TO 10 PERCENT OF THEIR RESPECTIVE LICENSED PRODUCTION CAPACITY. WE EXPECT TO OBTAIN SHORTLY A LIST OF PROSPECTIVE INDIAN IMPORTERS OF FERROUS SCRAP WHICH WE WILL FORWARD TO USDOC FOR CIRCULATION AMONG APPROPRIATE US SUPPLIER.

2. WE UNDERSTAND THAT MORE THAN SIXTY IMPORT APPLICATIONS, WHICH WERE RECEIVED UNTIL THE LAST DATE OF SUBMISSION, JANUARY 31, 1978, ARE BEING PROCESSED JOINTLY BY MSTC AND ISC. AS THE PROJECTED
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IMPORTS OF FERROUS SCRAP WILL NOT BE CANALISED THROUGH MSTC, INDIVIDUAL IMPORTERS ARE BEING ADVISED TO CONTACT APPROPRIATE FOREIGN SUPPLIER AND SUBMIT THEIR OFFERS TO MSTC AND ISC WHICH WILL JOINTLY RECOMMEND GOI PERMISSION FOR IMPORTS. PRELIMINARY OFFICIAL ESTIMATES SHOW THAT AD-HOC IMPORTS OF FERROUS SCRAP FOR MELTING MAY BE ALLOWED UP TO

A TOTAL QUANTITY OF 200,000 TONS, VALUED ABOUT \$15 MILLION. ALLOY STEELS PLANT (ASP) AT DURGAPUR, WEST BENGAL, ONE OF THE INTEGRATED STEEL MILLS IN THE PUBLIC SECTOR IS FINALISING SEPERATE ARRANGEMENTS FOR THE IMPORT OF 10,000 TONS OF FERROUS SCRAP FOR MELTING AND STEEL MAKING.

3. MSTC HAS REQUESTED OUR ASSISTANCE TO OBTAIN SUITABLE OFFERS, IF ANY, FROM U.S. SUPPLIER WHO MAY BE ADVISED TO SUBMIT OFFERS IMMEDIATELY FOR SUPPLYING FERROUS SCRAP AS PER SPECIFICATIONS GIVEN BELOW IN PARA 4 TO MR. S.P. DUTTA, TECHNICAL OFFICER, METAL SCRAP TRADE CORP. LTD., 225-E ACHARYA JAGADISH BOSE ROAD, CALCUTTA 700020, INDIA. U.S. OFFERS SHOULD INCLUDE TECHNICAL SPECIFICATIONS OF SCRAP, TOTAL QUANTITY FOR SALE, CIF CALCUTTA PRICE PER TON, AND DELIVERY SCHEDULE. ACCORDING TO MSTC OFFICALAS, INTRESTED US SUPPLIERS ARE LIKELY TO FACE STIFF COMPETITION FROM AUSTRALIA, JAPAN AND EEC COUNTRIES. WE LEARN FROM THE STEEL FURNACE ASSOCIATION OF INDIA THAT U.S. OFFERS FOR FERROUS SCRAP WHICH SOME OF THEIR MEMBERS HAVE RECENTLY RECEIVED ARE NOT COMPE-TITIVE IN TERMS OF PRICE.

4. AS NOTIFIED BY MSTC, AD-HOC IMPORTS OF FERROUS SCRAP FOR MELTING ARE RESTRICTED TO THE UNCLASSIFIED

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FOLLOWING GRADES:

(A) HEAVY MELTING STEEL SCRAP NO. 1

(B) HEAVY MELTING STEEL SCRAP NO. 2

(C) NO 1. BUNDLES

(D) STEEL TURNING IN BRIQUETTE F RM

(E) FRAGMENTISED/SHREDDED SCRAP

WE LEARN THAT OFFICIALS PREFERENCE WILL BE GIVEN TO IMPORTS OF (D) AND (E). DETAILS OF IMPORTABLE GRADES OF SCRAP AS PER U.S. SPECIFICATION ARE AS FOLLOWS:

(A) NO 1 HEAVY MELTING STEEL. WROUGHT IRON AND/OR STEEL SCRAP 1/4" INCLUDES AND OVER IN THICKNESS. INDIVIDUAL PIECHS NOT OVER 60 IN. X 24 IN. (CHARGING BOX SIZE) PREPARED IN A MANNER TO INSURE COMPACT CHARGING (ISIS CODE NO: 200).

(B) NO. 2 HEAVY MELTING STEEL: WROUGHT IRON AND STEEL SCRAP, BLACK AND GALANISED 1/8 INCH AND OVER IN THICKNESS, CHARGING BOX SIZE TO INCLUDE MATERIAL NOT SUITABLE AS FOR NO. 1 HEAVY MELTING STEEL. PREPARED

SUITABLE AS FOR NO. 1 HEAVY MELTING STEEM PREPEARED IN A MANNER TO INSURE COMPACE CHARGING. (ISIS CODE NO: 203).

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(C) NO. 1 BUNDLES: NEW BLACK STEEL SHEET SCRAP, CLIPPINGS OR SKELETON SCRAP COMPRESSED OR HAND BUNDLES, TO CHARGING BOX SIZE, AND WEIGHING NOT LESS THAN 75 LB. PER CUBIC FEET. (HAND BUNDLES ARE TIGHTLY SECURED FOR HANDLING WITH A MAGNET). MAY INCLUDE STANLEY BALLS OR MANDREL WOUND BUNDLES OR SKELETON REELS, TIGHTLY SECURED. MAY INCLUDE CHEMICALLY DETINNED MATERIAL. MAY NOT INCLUDE OLD AUTO BODY OR FENDER STOCK. FREE OF METAL COATED, LIMED VITREOUS ENAMELED, AND ELECTRICAL SHEET CONTAINING OVER 0.5 PER CENT SILICON. (ISIS CODE NO: 208).

(D) STEEL TURNINGS IN BRIQUETTE FORM: ANALYSIS AND DENSITY TO CONSUMER'S SPECIFICATION. (ISIS CODE NO. 227).

(E) FRAGMENTISED/SHREDED SCRAP: HOMOGENSOUS IRON AND STEEL SCRAP, MAGNETICALLY SEPARATED, ORIGINATING FROM AUTOMOBILES UNPREPARED NO. 1 AND NO. 2 STEEL, MISCELLANEOUS BALING AND SHEET SCRAP. AVERAGE DENSITY 50 LB PER CUBIC FOOT. (ISIS CODE NO. 210).

5. INTRESTED US SUPPLIER SHOULD BE ADVISED TO AVOID CONTRACTS FOR SUPPLY OF RE-ROLLABLE SCRAP, FOR INSTANCE CUTTING OF HEAVY STRUCTURALS, BECAUSE EACH CONSIGNMENT OF IMPORTED SCRAP WILL BE INSPECTED
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BY ISC OFFICIALS AT THE INDIAN PORTS TO DETECT AND
REJECT RE-ROLLABLE SCRAP.

6. ACTION REQUESTED: USDOC IS REQUESTED TO
CONTACT APPROPRIATE US SUPPLIER OF FERROUS SCRAP,
AND INFORM THEM OF THIS DEVELOPMENT. IT WOULD APPEAR
HERE THAT US SUPPLIERS ARE IN A GOOD POSITION TO
FILL A SUBSTANTIAL PORTION OF THIS NEW INDIAN DEMAND.
OFFERS SHOULD BE SENT EITHER TO MSTC OR TO THE STEEL
FURNACE ASSOCIATION OF INDIA, 3/D VANDANA, 11 TOLSTOY
MARG, NEW DELHI 110001.
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